GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Extension of certain incentives under the Industrial Development Policy 2015-20 to M/s. Reddson Seaamless Pipes Private Limited, to their proposed plant to produce Seamless Steel Tubes of diameter 38.0 to 300mm of thickness 4.1 to 40mm with the proposed investment of Rs. 507.65 crore with direct employment of 500 and indirect employment of 345 people with the capacity of the plant as 2,30,000 TPA over two phases at Vedicherla Village, Gudur Mandal, SPSR Nellore District – Orders - Issued.

INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.MS.No. 146 Dated: 31-10-2016

Read the following:-

(1) From the Managing Director, M/s. Reddson Seaamless Pipes Private Limited, Dt:18.07.2016.
(2) Empowered Committee of Secretaries Meeting held on 25.07.2016.
(3) State Investment Promotion Board Meeting (SIPB) held on 29.07.2016.

>><<

O R D E R

In the reference 1st read above, M/s. Reddson Seaamless Pipes Private Limited has informed that M/s. The Reddson Seaamless Pipes Limited is promoted by Reddson Group of companies based out of IDA Jeedimetla, Hyderabad. Reddson has identified seamless steel tubes as a product that has tremendous growth potential and manufactured only by select few manufacturers. The company proposes to produce Seamless Steel Tubes of diameter 38 mm to 300 mm of thickness 4.1 to 40mm. The proposed investment is Rs. 507.65 crore with direct employment of 500 and indirect employment of 345 people. The capacity of the plant will be 2,30,000 TPA over two phases at Vedicherla Village, Gudur Mandal, SPSR Nellore District. The Company requested for the following:

(i) All incentives as per the Andhra Pradesh Industrial Policy 2015-20 to be provided

(ii) The Phase I investment is estimated at Rs 398 Crore and is proposed to the commence operation on August 2019 (3 years) which is lower than the mega project qualification criteria of Rs 500 Crore. The Phase II investment amounts to Rs 109.68 Crore and is proposed to commence the operation on August 2022 (6 years). Since the Phase I Project Cost doesn't meet the project cost requirement of minimum Rs 500 Crore, a special dispensation to be considered as a mega project under the Industrial Development Policy 2015-20.

(iii) Reimbursement of 100% VAT / CST/ SGST for a period of 10 years both on input & sales (net). The company has requested for this incentive on the basis that they will have to shift all plant, machinery and building structures from Hyderabad to new plant site at SPSR Nellore district.

(iv) Reimbursement of 100% Input VAT for Plant & Machinery brought in from Hyderabad. The unit manufacture/fabricates machinery in Dundigal, Hyderabad for the proposed unit. Had it been in the state they won't have to pay VAT. However, because of bifurcation they are supposed to pay Input VAT on the machinery.(Estimates of the Plant & Machinery to be transferred from Hyderabad to Nellore works out to Rs. 325 Crore.)

(v) Reimbursement of fees paid for conversion from agricultural lands to industrial land

(vi) Infrastructure like Power and Water to be provided at doorstep of industry with the cost for providing said infrastructure to be borne by the Government of Andhra Pradesh. Power line of 18MW/132 KV required at a distance of 2 km for which the cost is estimated to be Rs. 1.60 crore The company has also requested for an approach road of 2.1 km that is estimated to cost Rs. 1.26 crore (The Cost estimates have been done internally by Reddson Group)

(P.T.O)

2. In the reference 2nd read above, the Empowered Committee of Secretaries has discussed the proposal of M/s. The Reddson Seaamless Pipes Limited and has recommended the following incentives/benefits for the unit to the SIPB:

(i) To consider it as a Mega Project under the Industrial Development Policy 2015-20, taking into account the investment planned over a period of 3 years. However, the special incentives will be made available to the unit subject to the condition that the unit should invest a minimum of Rs. 500 crore by March 2019, failing which whatever special package of incentives utilized over and above the Policy will be adjusted in the future claims / recovered from the unit.

(ii) Reimbursement of 100 % NET VAT & CST for a period of (7) years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.

(iii) Reimbursement of one time land conversion cost from Agriculture to Industrial use

(iv) 75% external infrastructure cost as per the estimates indicated below or the actual, whichever is less:
   (a) Power line of 18MW/132 KV required (2 KM, Rs. 1.60 crore) limited to Rs 1.2 crore.
   (b) The company has also requested for an approach road (2.1 KM, Rs. 1.26 crore) limited to Rs. 0.95 crore.

(v) The issue of reimbursement of 100% Input VAT for Plant and Machinery was discussed in detail. The Committee deferred the decision and suggested that a generic Relocation policy for Industries may be formulated to encourage relocation of industries from other states. .

(vi) All other incentives as per IDP 2015-20 Policy.

3. In the reference 3rd read above, the State Investment Promotion Board (SIPB) has discussed the proposal of M/s. The Reddson Seamless Pipes Limited in detail and decided to extend the following incentives:

(i) To consider it as a Mega Project under Industrial Development Policy 2015-20, taking into account the investment planned over a period of 3 years. However, the special incentives will be made available to the unit subject to the condition that the unit should invest a minimum of Rs.500 crore by March 2019, failing which whatever special package of incentives utilized over and above the Policy will be adjusted in the future claims / recovered from the unit.

(ii) Reimbursement of 100 % Net VAT&CST for a period of (7) years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.

(iii) Reimbursement of one time land conversion cost from Agriculture to Industrial use.

(iv) 75% external infrastructure cost as per the estimates indicated below or the actual, whichever is less:
   (a) Power line of 18MW/132 KV required (2 KM, Rs. 1.60 crore) limited to Rs 1.2 crore.
   (b) The company has also requested for an approach road (2.1 KM, Rs. 1.26 crore) limited to Rs. 0.95 crore.

(v) Agreed for reimbursement of 100% actual Input VAT to shift all plant & machinery and building structures from Hyderabad to new plant site at SPSR Nellore district limited to Rs.6.5 crore, whichever is less. It was also suggested to prepare a framework for accommodating the relocation of industries on case to case basis.

(vi) All other incentives as per the Industrial Development Policy 2015-20.

4. Government after careful examination of the recommendations of the State Investment Promotion Board, hereby decided to consider the proposed plant by M/s. Reddson Seamless Pipes Private Limited to produce Seamless Steel Tubes of diameter 38.0 to 300 mm of thickness 4.1 to 40 mm with the proposed investment

(contd..P.3)

of Rs. 507.65 cr. with direct employment of 500 and indirect employment of 345 people with the capacity of the plant as 2,30,000 TPA over two phases at Vedicherla Village, Gudur Mandal, SPSR Nellore District as a Mega Project under Industrial Development Policy 2015-20, taking into account the investment planned over a period of 3 years and extend the following incentives :

(i) Reimbursement of 100 % net VAT&CST for a period of (7) years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
(ii) Reimbursement of one time land conversion cost from Agriculture to Industrial use.
(iii) 75% external infrastructure cost as per the estimates indicated below or the actual, whichever is less:
  (a) power line of 18MW/132 KV required (2 KM, Rs. 1.60 crore) limited to Rs 1.2 crore.
  (b) an approach road (2.1 KM, Rs. 1.26 crore) limited to Rs. 0.95 crore.
(iv) Reimbursement of 100% actual Input VAT to shift all plant, machinery and building structures from Hyderabad to new plant site at SPSR Nellore district limited to Rs. 6.5 crore or actual whichever is less.
(v) All other incentives as per IDP 2015-20 Policy.

5. The above sanctioned special incentives will be made available to the unit subject to the condition that the unit should invest a minimum of Rs. 500 crore by March 2019, failing which whatever special package of incentives utilized over and above the Policy will be adjusted in the future claims / recovered from the unit.

6. The Director of Industries, Andhra Pradesh, Hyderabad shall take necessary action, accordingly and intimate the status of the progress of work done by the unit from time to time to the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, A.P. Andhra Pradesh, Hyderabad.
M/s. The Reddson Seamless Pipes Limited through the Director of Industries, A.P. Andhra Pradesh, Hyderabad.
Copy to:
The Finance (FMU-Rev.IC)Department.
The Revenue (CT) Department.
The Revenue (Registration) Department.
The Water Resources Department.
The Energy, Infrastructure and Investment Department.
The Law (H) Department.
The Accountant General, Andhra Pradesh, Hyderabad.
The Vice Chairman & Managing Director, Andhra Pradesh Industrial Infrastructure Corporation, Vijayawada.
The Commissioner of Commercial Taxes, Vijayawada.
The Collector & District Magistrate, SPSR Nellore District.
The General Manager, District Industries, Centre, SPSR Nellore District.
The Zonal Manager, Andhra Pradesh Industrial Infrastructure Corporation., Nellore District.
P.S. to Principal Secretary to Chief Minister.
P.S. to Chief Secretary to Government.
P.S. to Secretary to Government & CIP, Industries & Commerce Department.
SC/SF.

//FORWARDED :: BY ORDER//

SECTION OFFICER